

Breakthrough Foundation
Company Limited by Guarantee
Financial Statements
For the year ended
31 December 2022

CRITCHLEYS AUDIT LLP

Chartered Accountants & statutory auditor
Beaver House
23 - 38 Hythe Bridge Street
Oxford
OX1 2EP

Breakthrough Foundation
Company Limited by Guarantee
Financial Statements
Year ended 31 December 2022

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Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report)

Year ended 31 December 2022

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2022.

Reference and administrative details

Registered charity name Breakthrough Foundation

Charity registration number 1162536

Company registration number 09335387

Principal office and registered office 4 Hill Street
London
W1J 5NE

The trustees

B G J Gripton	(Retired 22 August 2022)
Ms S Pavlova	
Mrs D A Forsdick	
R J Bonney	(Appointed 24 August 2022)
C F J Chan	(Appointed 24 August 2022)
J A Hutchinson	(Appointed 24 August 2022)

Company secretary Mrs D A Forsdick

Auditor Critchleys Audit LLP
Chartered Accountants & statutory auditor
Beaver House
23 - 38 Hythe Bridge Street
Oxford
OX1 2EP

Bankers Credit Suisse AG
Talacker 16,
8001 Zurich,
Switzerland; and
1 Cabot Square, London E14 4QJ

JP Morgan Chase Bank, N.A
390 Madison Ave, Floor 24
New York,
NY10017
United States of America

Solicitors Goodwin Procter LLP
901 New York Avenue NW
Washington DC 20001; and
100 Cheapside
London EC2V 6DY

Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2022

Structure, governance and management

The charity is a charitable company limited by guarantee. The charity is governed by its Memorandum and Articles of Association.

The charity is managed by its Board of trustees.

The major risks, as identified by the trustees, have been reviewed and systems established to mitigate those risks. The charity is dependent on the continued ability of its major donor to continue to support the charity.

The Trustees have been selected from their skills and professionalism and come with many years of experience in different walks of life. New trustees are appointed by the existing board of trustees for a term of 3 years (subject to re-election). New trustees are inducted into their role as trustees in a series of briefings on the work of the charity, where not already familiar with the work of the charity.

The Trustees, who are also the directors for the purpose of Company Law and who were directors during the year or were appointed prior to the date of signature of the financial statements are:

B G T Gripton	(resigned 22nd August 2022)
S Pavlova	
D A Forsdick	(appointed 22nd April 2021)
R J Bonney	(appointed 24th August 2022)
C F J Chan	(appointed 24th August 2022)
J A Hutchinson	(appointed 24th August 2022)

Objectives and activities

The main objects of the charity are for the public benefit, to advance knowledge and learning in research of useful subjects of study by:

- (a) granting awards for undertaking research and disseminating the useful results to the public; and
- (b) recognising the outstanding achievements in research to act as an incentive to others.

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the guidance published by the Charity Commission.

Grant-making policy

The Trustees are of the view that the majority of their grant making will lie in the provision of grants to the two US organizations, Breakthrough Prize Foundation and Breakthrough Prize in Life Sciences Foundation. (see <https://breakthroughprize.org>).

The charity current policy is normally to only accept grant proposals which have been initiated by the Trustees.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2022

Achievements and performance

The following projects by the Breakthrough Prize Foundation and Breakthrough Prize in Life Sciences Foundation were made possible in 2022 with contributions provided by the Charity:

Humanitarian relief

In response to the war in Ukraine and refugee crises resulting from that and other causes, the Breakthrough Prize Foundation donated funds to several humanitarian programs in 2022.

Ukraine donations

Breakthrough Prize Foundation pledged \$6 million to aid Ukrainian scientists affected by the conflict. This included \$1 million for relocating displaced Ukrainian researchers through the U.S. National Academy of Sciences; \$3 million for an international coalition of scientific organizations to directly support Ukrainian science; \$1.5 million to ALLEA for aiding affected scientists via European academic entities; and A\$800,000 to the Australian Academy of Sciences for enhancing research collaborations and providing Ukrainian scientists access to Australian resources.

Tech for Refugees

In April 2022, Breakthrough Prize Foundation launched a major new initiative - Tech for Refugees. This new initiative is focused on distributing philanthropic funds to partner organizations, including the International Rescue Committee, Airbnb.org, Flexport.org, Spotify and Welcome.US, to provide refugees with shelter, essentials, assistance and comfort. In 2022 the Foundation provided Breakthrough Prize Foundation with \$29 million grants to fund Tech for Refugees programs that, among other things, helped coordinate 409 shipments of aid to 6 countries that took in Ukrainian refugees, impacting the lives of over 6 million Ukrainians; housed 100,000 Ukrainian refugees in neighbouring countries; provided 120,000 winter boots for displaced Ukrainian families; and expanded operations to initiate programs in Pakistan and the Horn of Africa.

Breakthrough Prizes

The Charity's 2022 grant-making activities distributed \$16.15 million in prize money awarded for scientific advances. Breakthrough Prizes in Life Sciences were given for: the invention of AlphaFold, the extraordinary machine learning system that has largely solved the protein folding problem, one of the biggest outstanding problems in biology, with enormous implications for medicine, ecology and industry; the revolutionary discovery of a new, ubiquitous system of organization within cells; and the identification by two researchers, independently, of the causes of narcolepsy. In Fundamental Physics, four pioneers of quantum information were recognized, whose theoretical work has led to modern quantum computing and quantum cryptography, as well as new insights into the foundations of physics. The winner of the Mathematics prize was honored for his work at the interface of theoretical computer science and pure mathematics.

The following prizes were awarded:

Breakthrough Prizes in Life Sciences to: Demis Hassabis and John Jumper; Emmanuel Mignot and Masashi Yanagisawa; Clifford P. Brangwynne and Anthony A. Hyman.

Breakthrough Prize in Mathematics to: Daniel A. Spielman.

Breakthrough Prize in Fundamental Physics to: Charles H. Bennett, Gilles Brassard, David Deutsch and Peter W. Shor.

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Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2022

Six New Horizons Prizes were awarded for early-Career achievements in Physics and Mathematics.

Three Maryam Mirzakhani New Frontiers Prizes were given to outstanding women mathematicians who had recently completed their PhDs.

Breakthrough Junior Challenge

2022 saw the launch and running of the 7th annual Breakthrough Junior Challenge, the annual global science video competition for high school students. Organization of the competition includes worldwide publicity, media and communications activities, procession of applications, co-ordination of peer-to-peer review, evaluation and judging rounds, and distribution of prizes. 2,400 students from over 100 countries submitted videos, from which 30 contestants competed in a popular vote. Collectively, during the 15-day contest, these 30 videos reached more than half a million people on Facebook and YouTube, bringing scientific and mathematical ideas to their peers and other audiences around the world. 17-year-old Noor Haideri from Kansas was chosen as the 2022 winner for her video about the effect of light from computer screens on photoreceptors in the retina and its impact on the sleep/wake cycle. She received a \$250,000 scholarship to the university of her choice. A \$50,000 prize also went to the science teacher who inspired her, as well as a new \$100,000 science lab to her school.

Breakthrough Initiatives projects

Breakthrough Listen is a global astronomical program searching for evidence of extraterrestrial intelligence. In 2022 Listen announced the beginning of observations using a new instrument on the MeerKAT radio telescope in South Africa's Karoo region. This new survey increases the number of technosignature targets by 1,000 times, covering an area of the sky 50 times larger than other systems and allowing for high-resolution scans. The first primary target for observation was the Alpha Centauri system, after which, operating almost constantly, Listen was able to scan 64 targets simultaneously, while innovative software began processing data in near-real-time.

Breakthrough Watch is an optical astronomy search for primitive life on nearby exoplanets. Its primary project in 2022 was continued work on the Toliman telescope, a small space telescope that will look for exoplanets in the 'Goldilocks' zone around Alpha Centauri. just four light years away, where temperatures could allow for liquid surface water on rocky planets. The Watch team collaborated with partners at the University of Sydney, Saber Astronautics in Australia and NASA's Jet Propulsion Laboratory to design and build the telescope.

Breakthrough Starshot is a research and engineering program to develop the world's first interstellar travel to Alpha Centauri and other nearby star systems on generational timescales. During 2020 the Starshot team focused on the closing stages of their objectives for Phase 1 of the program, falling into the following main areas: the design of materials, surfaces and structures for an ultra-thin "lightsail" that will push the probe by photon pressure; research into aligning the phases of large numbers of lasers to form a coherent beam, and use of adaptive optics to maintain beam coherence through atmospheric turbulence; studying the problems of interstellar communication; and the analysis of the entire Starshot concept, from launch to final signal reception, as a unified aerospace system.

The 2022 Breakthrough Discuss conference on life in the universe and human space travel was held in June 2022, both online and with about 150 attendees in person at the University of California, Santa Cruz. It was co-hosted by NASA Ames Research Center, the UC Berkeley Radio Astronomy Lab, ASU Interplanetary Initiative, Caltech and the Harvard-Smithsonian Center for Astrophysics. The theme was low-cost innovations for astronomy and space science, including the search for bio- and technosignatures, cosmology and reducing costs to expand the human presence in the solar system.

Breakthrough Foundation
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*
Year ended 31 December 2022

Financial review

The results of the charity in the year are set out in the Statement of Financial Activities on page 12.

As at 31 December 2022 free reserves (represented by unrestricted funds) were \$8,043,818, surplus.

The charity does not raise money from the public and is dependent on grants from a major donor.

Due to the funding arrangements the Trustees consider there is no requirement for the charity to hold reserves.

Plans for future periods

The charity's future plans are to continue to provide grants the two US Foundations: Breakthrough Prize Foundation and Breakthrough Prize in Life Sciences Foundation.

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2022

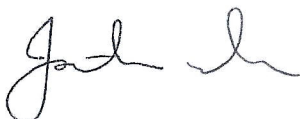
Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

The trustees' annual report (incorporating the directors' report) and the strategic report were approved on 14 September 2023 and signed on behalf of the board of trustees by:



Mr C F J Chan
Trustee

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation

Year ended 31 December 2022

Opinion

We have audited the financial statements of Breakthrough Foundation (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation (continued)

Year ended 31 December 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation *(continued)*

Year ended 31 December 2022

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation

(continued)

Year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- * the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- * we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience;
- * we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company;
- * we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- * identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- * making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- * considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- * performed analytical procedures to identify any unusual or unexpected relationships;
- * tested journal entries to identify unusual transactions;
- * assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- * investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- * agreeing financial statement disclosures to underlying supporting documentation;

Breakthrough Foundation

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Independent Auditor's Report to the Members of Breakthrough Foundation (continued)

Year ended 31 December 2022

- * reading the minutes of meetings of those charged with governance;
- * enquiring of management as to actual and potential litigation and claims;
- * reviewing relevant correspondence.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Kirtland (Senior Statutory Auditor)

For and on behalf of
Critchleys Audit LLP
Chartered Accountants & statutory auditor

Beaver House
23 - 38 Hythe Bridge Street
Oxford
OX1 2EP

20 September 2023

Breakthrough Foundation
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)
Year ended 31 December 2022

		2022	2021
	Note	Unrestricted funds \$	Total funds \$
Income and endowments			Total funds \$
Donations and legacies	5	62,539,865	62,539,865
Investment income	6	25,871	25,871
Total income		<u>62,565,736</u>	<u>62,565,736</u>
Expenditure			
Expenditure on raising funds:			
Costs of raising donations and legacies	7	40,614	40,614
Expenditure on charitable activities	8,9	55,695,097	55,695,097
Total expenditure		<u>55,735,711</u>	<u>55,735,711</u>
Losses on impairment (note 15)		3,341,053	3,341,053
Net income and net movement in funds		<u>3,488,972</u>	<u>3,488,972</u>
Reconciliation of funds			
Total funds brought forward		4,554,846	4,554,846
Total funds carried forward		<u>8,043,818</u>	<u>8,043,818</u>


The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 15 to 21 form part of these financial statements.

Breakthrough Foundation
Company Limited by Guarantee
Statement of Financial Position
31 December 2022

	Note	2022 \$	2021 \$
Fixed assets			
Investments	15	2,036,362	9,801,660
Current assets			
Debtors	16	3,112,900	11,668,766
Cash at bank and in hand		9,894,556	2,151,420
		<u>13,007,456</u>	<u>13,820,186</u>
Creditors: amounts falling due within one year	17	<u>3,500,000</u>	<u>13,317,000</u>
Net current assets		<u>9,507,456</u>	<u>503,186</u>
Total assets less current liabilities		<u>11,543,818</u>	<u>10,304,846</u>
Creditors: amounts falling due after more than one year	18	<u>3,500,000</u>	<u>5,750,000</u>
Net assets		<u>8,043,818</u>	<u>4,554,846</u>
Funds of the charity			
Unrestricted funds		8,043,818	4,554,846
Total charity funds	19	<u>8,043,818</u>	<u>4,554,846</u>

These financial statements were approved by the board of trustees and authorised for issue on 14 September 2023, and are signed on behalf of the board by:



Mr C F J Chan
Trustee

Company registration number: 09335387 (England and Wales)

The notes on pages 15 to 21 form part of these financial statements.

Breakthrough Foundation
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 December 2022

	2022 \$	2021 \$
Cash flows from operating activities		
Net income	3,488,972	3,798,875
<i>Adjustments for:</i>		
Losses on impairment (note 15)	3,341,053	198,340
Other interest receivable and similar income	(25,871)	—
Accrued expenses	(12,067,000)	8,567,000
<i>Changes in:</i>		
Trade and other debtors	8,555,866	(11,668,766)
Cash generated from operations	3,293,020	895,449
Interest received	25,871	—
Net cash from operating activities	<u>3,318,891</u>	<u>895,449</u>
Cash flows from investing activities		
Proceeds from sale of other investments	4,424,245	—
Net cash from investing activities	<u>4,424,245</u>	<u>—</u>
Net increase in cash and cash equivalents	7,743,136	895,449
Cash and cash equivalents at beginning of year	2,151,420	1,255,971
Cash and cash equivalents at end of year	<u>9,894,556</u>	<u>2,151,420</u>

The notes on pages 15 to 21 form part of these financial statements.

Breakthrough Foundation
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31 December 2022

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 4 Hill Street, London, W1J 5NE.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements are prepared in US dollars, which is the functional currency of the entity. All amounts presented in the financial statements are rounded to the nearest dollar.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of financial activities.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. Grants are recognised as an expense when they have been approved by the Trustees and communicated to the beneficiary unless the charity retains discretion over whether or not to make future payments.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

4. Limited by guarantee

The company is limited by guarantee. Every member of the charity undertakes to contribute such amount as may be required (not exceeding £1) to the charity's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the charity's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

5. Donations and legacies

	Unrestricted Funds \$	Total Funds 2022 \$	Unrestricted Funds \$	Total Funds 2021 \$
Donations				
Donations	62,539,865	62,539,865	66,121,302	66,121,302

6. Investment income

	Unrestricted Funds \$	Total Funds 2022 \$	Unrestricted Funds \$	Total Funds 2021 \$
Bank interest received	25,871	25,871	—	—

7. Costs of raising donations and legacies

	Unrestricted Funds \$	Total Funds 2022 \$	Unrestricted Funds \$	Total Funds 2021 \$
Costs of raising donations and legacies - Investment management costs	40,614	40,614	71,390	71,390

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

8. Expenditure on charitable activities by fund type

	Unrestricted Funds \$	Total Funds 2022 \$	Unrestricted Funds \$	Total Funds 2021 \$
Donations	55,591,000	55,591,000	61,993,083	61,993,083
Bank charges	3,934	3,934	1,277	1,277
Support costs	100,163	100,163	58,337	58,337
	<u>55,695,097</u>	<u>55,695,097</u>	<u>62,052,697</u>	<u>62,052,697</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly \$	Grant funding of activities \$	Support costs \$	Total funds 2022 \$	Total fund 2021 \$
Donations	–	55,591,000	–	55,591,000	61,993,083
Bank charges	3,934	–	–	3,934	1,277
Governance costs	–	–	100,163	100,163	58,337
	<u>3,934</u>	<u>55,591,000</u>	<u>100,163</u>	<u>55,695,097</u>	<u>62,052,697</u>

10. Analysis of grants

	2022 \$	2021 \$
Grants to institutions		
Breakthrough Prize Foundation	42,186,000	56,820,000
Breakthrough Prize in Life Sciences Foundation	555,000	3,974,000
The San Francisco Foundation	5,000,000	–
Trustees of the University of Pennsylvania	1,000,000	1,000,000
Conference of Europe Rabbis Stiftung	3,000,000	–
Friends of Tel Aviv Sourasky Medical Centre	2,250,000	–
GoFundMe.org	2,000,000	–
Previous grant commitments no longer due	(500,000)	–
Bay Area Council Foundation	–	75,000
Social Impact Fund	–	100,000
Other	100,000	24,083
	<u>55,591,000</u>	<u>61,993,083</u>
Total grants	<u>55,591,000</u>	<u>61,993,083</u>

11. Net income

Net income is stated after charging/(crediting):

	2022 \$	2021 \$
Foreign exchange differences	<u>5,083</u>	<u>(108)</u>

Breakthrough Foundation
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2022

12. Auditors remuneration

	2022	2021
	\$	\$
Fees payable for the audit of the financial statements	<u>14,846</u>	<u>—</u>

13. Staff costs

The average head count of employees during the year was Nil (2021: Nil).

No employee received employee benefits of more than £60,000 during the year (2021: Nil).

14. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees; As at 31 December 2022, no travel costs (2021: \$nil) were incurred by trustees.

15. Investments

	Other investments \$
Cost	
At 1 January 2022	10,000,000
Additions	—
Disposals	<u>(5,631,120)</u>
At 31 December 2022	<u>4,368,880</u>
Impairment	
At 1 January 2022	(198,340)
Disposals	1,206,875
Impairment losses	<u>(3,341,053)</u>
At 31 December 2022	<u>(2,332,518)</u>
Carrying amount	
At 31 December 2022	<u>2,036,362</u>
At 31 December 2021	<u>9,801,660</u>

Breakthrough Foundation
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2022

15. Investments *(continued)*

All investments shown above are held at fair value.

The investment remained as convertible investment securities as of 31 December 2021. In May 2022, following the sale of assets by the issuer of the convertible investment securities, the charity exchanged the convertible investment securities for an initial cash distribution of \$1,460,707, and 65,281 shares in the acquiring group.

Subsequently, in January 2023, the charity sold its remaining shares in the acquiring group for \$431,363. In July 2023, the liquidator of the issuer of the convertible investment securities notified the charity that, subject to certain conditions, the issuer may effect a final distribution to the initial holders of the convertible investment securities. Based on information currently available, it is estimated that the charity will receive \$1,605,000, which is subject to change.

On 18 May 2021 a donation was made of an interest in Maxwell Investment Holdings, L.P, a limited liability partnership. The interest currently has no economic value.

16. Debtors

	2022	2021
	\$	\$
Prepayments and accrued income	<u>3,112,900</u>	<u>11,668,766</u>

17. Creditors: amounts falling due within one year

	2022	2021
	\$	\$
Accrual for grants payable	<u>3,500,000</u>	<u>13,317,000</u>

18. Creditors: amounts falling due after more than one year

	2022	2021
	\$	\$
Accrual for grants payable	<u>3,500,000</u>	<u>5,750,000</u>

19. Analysis of charitable funds

Unrestricted funds

	At 1 January 2022	Income	Expenditure	Gains and losses	At 31 December 2022
	\$	\$	\$	\$	\$
General funds	<u>4,554,846</u>	<u>62,565,736</u>	<u>(55,735,711)</u>	<u>(3,341,053)</u>	<u>8,043,818</u>

	At 1 January 2021	Income	Expenditure	Gains and losses	At 31 December 2021
	\$	\$	\$	\$	\$
General funds	<u>755,971</u>	<u>66,121,302</u>	<u>(62,124,087)</u>	<u>(198,340)</u>	<u>4,554,846</u>

Breakthrough Foundation
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2022

20. Analysis of changes in net debt

	At 1 January 2022 \$	Cash flows \$	At 31 December 2022 \$
Cash at bank and in hand	2,151,420	7,743,153	9,894,573
Bank overdrafts	-	(17)	(17)
	<u>2,151,420</u>	<u>7,743,136</u>	<u>9,894,556</u>

21. Related parties

There were no related party transactions in the year.